

## MEMORANDUM



**TO: Michigan Lawmakers**

**FROM: Terri Reid**

**DATE: July 15, 2015**

**RE: Electric Choice, House Bill 4298 (Nesbitt), Senate Bill 437 (Nofs)**

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House Bill 4298 and Senate Bill 437, currently before the House Energy Policy and Senate Energy and Technology Committees, would **kill Michigan jobs, cost ratepayers – job providers, public schools, and families—billions of dollars** in higher electric rates, and **strip fundamental free market choices from Michigan customers.**

The bills would either fully eliminate electric choice in Michigan (HB 4298) or end it with massive new regulations (SB 437), forcing customers who are currently purchasing electricity at lower prices to instead pay higher rates for service from a monopoly provider. They would also prevent every other electric customer from shopping for the best price.

Lawmakers have been inundated with deceptive messages from DTE and Consumers Energy, backed by a million dollar television ad campaign. All of the “noise” can make it easy to lose focus on what matters most—empowering consumers to make their own choices that drive down electric rates for everyone.

As complicated as the monopoly utilities try to make it, this issue couldn't be simpler. As lawmakers hear testimony and consider this bill, they are encouraged to remember:

- **These bills will kill jobs.** According to economists, the current 10% cap on electric competition already kills 21,000 jobs each year. Fully eliminating choice would kill more jobs.
- **Abandoning the free market will hurt public schools and cost teachers their jobs.**
  - Forcing schools to pay artificial monopoly rates will cost Michigan public schools \$15 million in higher electric rates every single year;
  - More than 1,000 Michigan schools currently purchase their electricity from lower cost competitive suppliers; and
  - Lawmakers have already heard testimony from public school districts that **abandoning competition will force them to lay off teachers** and eliminate programs for our kids.

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- **Free markets and competition drive down prices, empower consumers, and create the best environment for investment.** Michigan's own history with electric choice proves it:
  - From 2000-2008, when Michigan had full electric competition, Michigan customers saved over \$400 million, according to the U.S. Energy Information Agency;
  - Michigan electric rates plummeted below the national average for the first and only time in decades; and
  - With the electric market open, **independent, competitive suppliers** began expanding to meet demand, ***building over 4,000 megawatt hours of new generating capacity.***
- **Utilities, shielded from competition, drive-up prices by billions of dollars:**
  - Michigan's monopoly-style system since 2009 has already resulted in energy costs that were more than \$10.5 billion higher than competitive market prices paid in Illinois by our neighboring families, schools, and job providers;
  - DTE has raised rates by 59 percent since 2008, according to the Public Service Commission;
  - Consumers Energy has raised its rates by 54.9 percent since 2008;
  - Since Michigan limited electric choice in 2009, the utilities have not built a single new plant; and
  - The price gap between Michigan and our neighbors in Illinois and Ohio—who enjoy electric choice and are our primary competition for investments and jobs—has soared.

*Lawmakers should stand up for the free market and the principles that got them elected by rejecting these handouts to Big Energy, and any effort to strip Michigan families of economic choices and competition.*